

# **U.S. Customs and Border Protection Modernization**



## **Report to Congress: The Automated Commercial Environment (ACE) CBPMO-RPRT-16**

**June 30, 2005**

U.S. Customs and Border Protection Modernization Office

I am pleased to submit the *Report to Congress: The Automated Commercial Environment (ACE)*, as directed by the 2005 Homeland Security Appropriations Bill and the Trade Act of 2002.

This report is submitted quarterly, providing an update of ACE development accomplishments, challenges, fiscal status, and upcoming program milestones. Most significantly, the report demonstrates how ACE is helping U.S. Customs and Border Protection (CBP) achieve the Department of Homeland Security strategic objectives, and in providing CBP personnel in the field with the enhanced capabilities to better accomplish the CBP mission of preventing terrorism and facilitating legitimate trade and travel.

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Robert C. Bonner  
Commissioner  
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# **Automated Commercial Environment (ACE)**

## **Report to Congress**

June 30, 2005

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## Executive Summary

### Background

In 2001, the U.S. Customs Service (now U.S. Customs and Border Protection (CBP)) embarked on the Automated Commercial Environment (ACE) as its first project in a multiyear modernization effort to reengineer its business processes and the information technology that supports them. The initial plan was to focus first on ACE and trade processing and then on other elements of CBP Modernization, including enforcement. The terrorist attacks on September 11, 2001, changed this focus. ACE is being developed to support the CBP mission of: (1) protecting the American public against terrorists and the instruments of terror and (2) enforcing the laws of the United States while fostering our Nation's economic security through lawful international trade and travel.

With the establishment of the Department of Homeland Security (DHS), CBP has also aligned ACE with the DHS mission and strategic goals. ACE will help reduce our Nation's vulnerability to threats without diminishing economic security by providing threat awareness, prevention, and protection for the homeland. Specifically, ACE will help:

- detect, deter, and mitigate terrorist and other threats;
- assess vulnerabilities to homeland security and the American public ;
- safeguard U.S. citizens and critical infrastructure from acts of terrorism; and
- serve the public by effectively facilitating the movement of lawful trade.

Working closely with other government agencies and the trade community, CBP is modernizing to enhance interagency information sharing and analysis, replace and/or supplement existing systems taxed by increasing demands, and comply with legislation requiring greater agency efficiency and effectiveness to better serve the public. Among other capabilities, CBP personnel will have automated tools and better information to decide – before a shipment reaches U.S. borders – what cargo should be targeted because it poses a potential risk, and what cargo should be expedited because it complies with U.S. laws.

The Automated Commercial Environment Report to Congress consolidates CBP Congressional reporting requirements, which include the 2005 Homeland Security Appropriations Bill and the Trade Act of 2002. These statutes require quarterly updates on how ACE development and establishment is being implemented cost effectively, and how ACE meets the modernization requirements of the 1993 Customs Modernization Act (the Mod Act) (Title VI of the North American Free Trade Agreement Implementation Act).

This report is provided to the Senate Finance Committee, House Ways and Means Committee, and both the House and Senate Appropriations Committees. The reporting period for this update is April 1, 2005, to June 30, 2005. The report provides a “snapshot” of current program status, highlighting recent accomplishments, challenges, cost and schedule status, and near-term milestones.

The report also includes a brief overview of how ACE capabilities will help satisfy the requirements of the 1993 Customs Modernization Act, the status of efforts to resolve the Government Accountability Office (GAO) open audit recommendations, and an update on program cost and schedule.

The 2005 Homeland Security Appropriations Bill states that Congress believes that ACE and CBP Modernization should be integrated with, if not form the core of, DHS information systems and border security technology. Accordingly, this report also addresses the ongoing CBP efforts to support ACE expansion if required, and in engaging other Government agencies to participate in ACE/International Trade Data System (ITDS). Appendix B outlines ACE capabilities.

A review of previous reports may be helpful in understanding the full context of the information provided in this edition of the report.

### Notable in This Report

On April 14, 2005, CBP achieved the Operational Readiness Review milestone for e-Manifest: Trucks. This critical development milestone indicated the ACE electronic manifest capabilities were ready for full operational use and deployment. U.S. Customs and Border Protection deployed e-Manifest: Trucks capabilities to additional ports in the Blaine, Washington, area (including Sumas, Lynden, and Point Roberts), as well as Oroville, Washington, and neighboring ports. ACE cargo processing capabilities are now operational at eleven ports.

The duties collected via the ACE Periodic Monthly Statement have continued to grow since the inception of this ACE feature in June 2004. Monthly duties collected in February 2005 totaled \$109.7 million, and in April 2005, the total was \$143.1 million, representing 8 percent of all duties and fees collected. The total amount of duties and fees collected since the first periodic payments received in July 2004 now tops \$700 million.

## 1. Performance

This section highlights how ACE will help satisfy the requirements of the Mod Act, selected program accomplishments, and actions related to the open GAO recommendations.

### 1.1 Compliance with the Customs Modernization Act

The 1993 Mod Act was passed with legislation implementing the North American Free Trade Agreement. The Mod Act is the legal foundation for the CBP Modernization effort, and promotes the concepts of "informed compliance" and "shared responsibility." This requires CBP to provide accurate and timely information on CBP rules and responsibilities to the trade community. It also requires the trade community to use reasonable care in fulfilling their compliance obligations. To help accomplish these objectives, the Mod Act outlined requirements for automation and emphasized electronic trade processing. The delivery of ACE capabilities will fulfill the Mod Act by providing a secure Web-enabled environment.

ACE is providing new capabilities to Government users and the trade community by enabling the redesign of trade compliance processes and strengthening Screening and Targeting (S&T) systems. These are key requirements for enhancing border security and expediting legitimate trade.

### 1.2 Selected ACE Accomplishments

Following are selected program accomplishments between April 1, 2005, and June 30, 2005.

- **Achieved Operational Readiness for e-Manifest: Trucks.** On April 14, 2005, CBP achieved this critical development milestone, indicating the ACE electronic manifest capabilities were ready for full operational use and deployment.
- **Expanded cargo processing in ACE at land border ports.** CBP deployed e-Manifest: Trucks capabilities to additional ports in the Blaine, Washington area (including Sumas, Lynden, and Point Roberts) as well as Oroville, Washington, and neighboring ports. ACE cargo processing capabilities are now operational at eleven ports.
- **Enhanced existing ACE operating capabilities.** On May 28, 2005, CBP introduced new system-wide enhancements to existing ACE capabilities, including improved portal navigation, enhanced editing/reporting abilities, new automation and views for carriers, and improved S&T features.
- **Initiated deployment preparations for Douglas, Arizona area ports.** A port leadership information briefing to administrators and managers was conducted

on May 18, 2005. The purpose of the session was to introduce e-Manifest: Trucks functionality and terminology, review site deployment procedures, and provide information about the roll out of ACE at the Douglas, Arizona, cluster of ports, including Nogales, Arizona.

- **Completed Screening Foundation (S1) Critical Design Review and Test Readiness Review.** On April 29, 2005, CBP provided conditional approval of the completed design, development, testing, and verification for S1 capabilities in an initial phase of the Targeting Foundation.
- **Certified carriers for electronic manifest.** As of June 13, 2005, CBP has certified six carriers to submit electronic manifests via Electronic Data Interchange (EDI). Five service centers that provide support to carriers have also been certified. CBP has received nearly 40 letters of intent from companies that intend to achieve EDI certification.
- **Developed Fiscal Year 2006 (FY06) Modernization Expenditure Plan.** CBP developed the FY06 Modernization Expenditure Plan, which was approved on May 26, 2005, by the CBP Investment Review Board (IRB), in preparation for review by the DHS IRB on July 20, 2005.
- **Increased growth in duties collected.** The duties collected via the ACE Periodic Monthly Statement have continued to grow since the inception of this ACE feature in June 2004. Monthly duties collected in February 2005 totaled \$109.7 million, and in April 2005, the total was \$143.1 million, representing 8 percent of all duties and fees collected. The total amount of duties and fees collected since the first periodic payments received in July 2004 now tops \$700 million.
- **Held National Account Manager conference.** Thirty-one CBP National Account Managers attended a 2-day conference on April 13-14, 2005. The conference reviewed the current status of ACE, trade outreach goals, and provided a demonstration of the ACE Secure Data Portal.
- **Held ACE Ambassador Coordinator conference.** Twenty-one ACE Ambassador Coordinators, representing each of the CBP Field Offices and Headquarters, attended a 2-day conference on June 7-8, 2005. The conference reviewed the current status of ACE, the impending trade outreach goals, and provided a demonstration of the ACE Secure Data Portal.
- **Conducted Government Support Network conference.** This conference provided an opportunity to discuss ACE/ITDS related issues and activities, including an update on the status on ACE/ITDS functionality, and the process for evaluating Participating Government Agency (PGA) requirements. The meeting also allowed PGA representatives to provide input on desired ITDS capabilities, and discuss integration of their respective agencies into ACE/ITDS.

- **Established Trade Support Network (TSN) Cross-Border Harmonization Sub-Committee (CBHSC).** In conjunction with ITDS, the TSN established the CBHSC to harmonize Canadian and U.S. requirements under the Shared Border Accord. In consultation with the trade community, the truck manifest will represent the initial use of identical messages for multiple countries. Mexico has agreed to cooperate with this effort.
- **Incorporated PGAs and DHS directorates into ACE S&T.** Several PGAs and departmental directorates, including the Transportation Security Administration (TSA), Homeland Security Advanced Research Projects Agency, and Information Analysis and Infrastructure Protection are being integrated into ACE S&T activities. These agencies will leverage S&T capabilities to further advance the safety and security of imports into our country.
- **Completed updated version of ITDS Standard Data Set.** The latest version of the ITDS Standard Data Set has been completed, which harmonized over 20 PGA data requirements into one standard data set. The standardized data set was aligned with World Customs Organization standards, the ACE Logical Data Model, and the ACE Multi-Modal Manifest. This will ultimately enable single-window filing for the trade community.

### 1.3 Open GAO Recommendations

The CBP Modernization Office (CBPMO) is actively addressing the following open GAO recommendations:

#### 1.3.1 Cost-Estimating

***GAO Recommendation: Develop and implement a rigorous and analytically verifiable cost-estimating program. Ensure that future expenditure plans are based on cost estimates that are reconciled with independent cost estimates.***

The CBPMO has established a disciplined cost-estimating process. This process includes a Life Cycle Cost Model (LCCM), which enables an independent government analysis and validation of e-Customs Partnership (eCP) cost and schedule estimates. The LCCM is also used to develop CBP Modernization Expenditure Plans. The GAO reported that CBPMO independent cost estimates either satisfied or partially satisfied all of the Software Engineering Institute's criteria for cost estimating. Additionally, the GAO found that CBPMO implemented its recommendation that the FY05 CBP Modernization Expenditure Plan be based on cost estimates that are reconciled with independent cost estimates. The CBPMO is coordinating with the GAO to determine what additional steps are required to fully close this recommendation.



### 1.3.2 Human Capital Management (HCM)

**GAO Recommendation: Immediately develop and implement a CBPMO HCM strategy.**

The CBP Office of Information and Technology (OIT) implemented the initial phase of its reorganization in December 2004. This reorganization will reduce risk to the ACE Program by enhancing government oversight of ACE development, strengthening organizational cohesion, and helping to deliver ACE sooner, better, and at less cost. The second and final reorganization phase will be implemented during the summer 2005. Work to further improve the organization structure and operating environment was concluded June 30, 2005.

The CBPMO human capital effort continues to be grounded in the established Human Capital Management Strategy and the 10 human capital principles emphasized by the GAO (January 2000 GAO report *Human Capital: Key Principles from Nine Private Sector Organizations*). The OIT is expanding on CBPMO successes by developing an enterprise-level Strategic Human Capital Management Plan. The CBPMO will be subsumed by this larger vision and create the foundation for the OIT program.

### 1.3.3 Use of ACE Infrastructure for DHS

**GAO Recommendation: Take appropriate steps to have future ACE expenditure plans specifically address proposals or plans to extend or use ACE infrastructure to support other homeland security applications.**

To date, no expenditures have been planned for ACE to support other homeland security applications. However, through the ITDS initiative, CBP continues to coordinate with other Federal agencies to explore areas where ACE can be expanded and integrated where it makes sense to do so, most prominently with the US-VISIT program. Joint ACE/US-VISIT planning activities include regular meetings between CBP Modernization Office staff and their US-VISIT counterparts to coordinate deployment schedules. Integration testing of ACE and US-VISIT is being conducted to ensure both applications will operate on the same workstations and a common network. Both programs are sharing Program Control best practices, including those in the areas of requirements management and Earned Value Management.

CBP continues to work with TSA on a Freight Assessment System pilot that will screen cargo on domestic air passenger flights. Technical and enterprise requirements have been identified for the pilot project, which is targeted to begin in winter 2006, and will initially run on a limited number of air carriers. TSA is providing \$3 million for work on TSA-unique ACE requirements definition through a reimbursable agreement with CBP.

As noted in earlier ACE Congressional reports, CBP has participated in Homeland Security Presidential Directive-11 working groups that are focused on Government-

Wide best practices to implement the directive. Related to this effort, the CBP Modernization Executive Steering Committee has been reoriented to focus on intergovernmental cargo security systems coordination. Officials from CBP have also collaborated with DHS to adopt the same Technical Reference Model structure, which also aligns with the Federal Enterprise Architecture. In August 2004, the DHS Enterprise Architecture Board approved the ACE architecture as being aligned with the DHS enterprise architecture.

### 1.3.4 Measurement of Program Management Improvement Efforts

***GAO Recommendation: Define measures, and collect and use associated metrics, for determining whether prior and future program management improvements are successful.***

The combined use of performance-based contracting, required Earned Value Management (EVM), and the award fee program provide complete coverage of measuring the prime contractor's cost, schedule, and technical performance. This, in conjunction with expanded efforts to measure ACE effectiveness through business outcome measurement and reporting, create a complete system for tracking and gauging eCP performance. Moreover, CBPMO uses EVM to gauge future program performance, which enables program managers to take corrective action "now" to mitigate potential future performance problems. For more than 1 year, Earned Value indicators reviewed at monthly Cost Performance Reviews (CPR) indicate that cost and schedule performance have improved. The CBPMO has the processes, analysis and reporting mechanisms, management forums, and executive bodies in place to effectively manage the program, including weekly program assessments and monthly Program Management Reviews.

### 1.3.5 ACE Program Quarterly Reporting

***GAO Recommendation: Report quarterly to the House and Senate Appropriations Committees on the efforts to address open GAO recommendations.***

The CBPMO has been providing quarterly reports on ACE since November 2002. As indicated in the executive summary, these reports are submitted in compliance with the current year Appropriations Act, the 2002 Trade Act (for the House and Senate authorizing committees), and to comply with the GAO reporting requirements indicated in this recommendation. Beginning with the March 2003 ACE Report to Congress, the DHS directed that CBP route the quarterly reports through the Border and Transportation Security Directorate and DHS. The Department of Homeland Security then sends the report to the Office of Management and Budget for review and approval. The DHS Under Secretary, Management, is the official who transmits the report to Congress once all reviews are completed.

### 1.3.6 ACE Program Accountability Framework

**GAO Recommendation: Define and implement an accountability framework that ensures that future ACE releases deliver promised capabilities and benefits within budget and on time.**

As indicated in its response to the March 2005 GAO report on ACE, CBP takes its “contract with Congress” and the program commitments reflected in ACE expenditure plans seriously. U.S. Customs and Border Protection has two key objectives for the ACE Program – develop ACE capabilities sooner and at less cost, and ensure those capabilities hit the mark when fielded. To achieve both objectives, sound decision processes and clear quality standards have been established. The CBPMO has followed its established processes to balance quality, cost, and schedule objectives. Acknowledging the six expected outcomes the GAO detailed as part of this recommendation, CBP is building on the existing program management foundation and the OIT reorganization to further define and enhance its accountability framework. This work will be accomplished in conjunction with the FY06 Expenditure Plan review and approval process.

- Establish a clear delineation of roles and responsibilities between CBP and the prime contractor (eCP). This will be accomplished as part of the ACE acquisition strategy.
- Establish a formal document that defines the ACE Program accountability framework, its key elements, and a description of how it is being implemented. This document will further depict the decision-making mechanisms for the ACE Program.
- Demonstrate coverage, currency, relevance, and completeness of all program commitment areas – and the reliability of the data that measures progress on these commitments. Likewise, CBPMO will demonstrate the application of milestone exit criteria that adequately consider indicators of system maturity.

## 2. Schedule and Cost

### 2.1 Program Baseline

CBP continues to manage to the Acquisition Program Baseline, which reflects a \$3.3 – billion, 8.5-year program, with completion of ACE development in 2010. This baseline was briefed to the DHS IRB in August 2004. Schedule and cost estimates in the ACE Program Plan that reflect this baseline were validated through the Independent Government Cost Estimate. This plan aligns the ACE Program to better address the terrorist threats to our Nation and related DHS mission priorities, and will enable enhanced S&T functionality to be more effectively focused on border security.

## 2.2 Schedule

The successful completion of the e-Manifest: Trucks pilot ushers in a period of significant expansion of operational ACE capabilities. Following the completion of the pilot deployment at Blaine, Washington, CBP completed the e-Manifest: Trucks Operational Readiness Review on April 14, 2005, signaling the release was ready for full operational use and deployment. e-Manifest: Trucks capabilities, including automated truck manifest, expedited information processing, and a primary inspector interface (consolidating seven separate cargo release systems), were subsequently introduced to a “cluster” of ports in the vicinity of Blaine, including Sumas, Lynden, and Point Roberts, Washington. Expansion continued to Oroville, Washington, and surrounding ports. Eleven land border ports are now using ACE cargo processing capabilities.

Over the next few months, CBP plans to deploy e-Manifest: Trucks capabilities at land border ports along the Northern and Southern Border near select hub cities, including Douglas, Arizona. This expansion will follow the “cluster” deployment model introduced at Blaine, whereby ACE capabilities will be “anchored” in an initial port and then expanded to a “cluster” of ports in close proximity to the anchor port. This approach enables CBP officers to gain hands-on experience, thereby facilitating the training process, and accelerating the introduction of ACE to the trade community, particularly those carriers operating in a given regional area.

In parallel with the increase in ACE operational capabilities, CBP is focused on increasing trade community participation in ACE. Additional outreach efforts are planned to increase the total duty and fees paid via ACE Periodic Payment. For example, targeted communications to the chief financial officers of top duty payers will communicate the benefits of ACE that many companies have reported to date. CBP is also actively working to facilitate the electronic submission of advance manifest information, as mandated by the Trade Act of 2002. Accordingly, CBP plans to expand the number of companies certified to provide electronic manifest information via EDI by increasing staff focused on this effort, and actively working with the trade community.

Plans are being developed to register existing C-TPAT participants (numbering approximately 9,000 companies) in ACE and encourage them to become active users of the ACE Secure Data Portal and ACE Periodic Payment capabilities. Also in the planning stage is the creation of multiple levels of access that could, for example, allow importers to use the Periodic Monthly Statement capability through a broker without the need to complete the ACE application process needed for full access to the ACE Secure Data Portal.

The expansion of ACE capabilities means that ACE, like any operational system, must meet evolving stakeholder and operational requirements. On May 28, 2005, CBP fielded the first enhancements to existing ACE capabilities in operation, which now include the ACE Foundation, Account Creation, Periodic Payment, and e-Manifest: Trucks (Releases 1 – 4). The enhancements included improved portal navigation;

expanded editing ability for periodic payment statements; enhanced account list performance; enhanced ATS scoring capability; and the addition of new National Crime Information Center (NCIC) availability messages, among other capabilities.

CBPMO is reviewing development plans for forthcoming ACE releases. This review seeks to identify ways to field ACE capabilities sooner and at less cost, and to ensure that ACE development plans are aligned with the antiterrorism mission of the agency and the department. In particular, CBPMO is examining options for tightening the integration among cargo, summary processing, and S&T tools, as well as accelerating completion of key cargo security capabilities.

Appendix A provides a detailed summary of the ACE baseline development milestones. Following completion of the aforementioned review, the revised independent Lifecycle Cost Model Estimate, and review by DHS, current projections of specific Software Development Lifecycle milestones will be provided to the GAO in conjunction with its review of the FY06 Expenditure Plan. They will also be included in the September 30, 2005, edition of this report.

CBP will continue its efforts to deliver ACE better, sooner, at less cost, while ensuring ACE enhances supply chain security, facilitates trade, and meets the needs of frontline officers and the trade community. Further cost reductions are foreseen by integrating and leveraging existing OIT personnel through the OIT reorganization. In addition, CBP is examining ways to prioritize and reduce the number of legacy system enhancements so that government resources can be freed to contribute to development and deployment of ACE capabilities. Increased involvement of CBP personnel in ACE development will result in clearer direction to the prime contractor, increasing program efficiency, and enhancing system quality.

### **3. Fiscal Status**

Congress approved the FY05 CBP Modernization Expenditure Plan in full on February 15, 2005. The plan requested \$305.5 million for ACE and \$16.2 million for ITDS. Key activities supported by the plan are:

- detailed design and development of the trade facilitation and S&T functionality;
- deployment of Automated Truck Manifest capability to ports; and
- design and development of up to 28 agencies' requirements for ACE/ITDS.

Figure 1 provides a summary of ACE funding. To date, Congress has appropriated and released \$1.39 billion for ACE/ITDS. Of the \$1.39 billion, \$1.19 billion has been obligated, and \$981 million has been expended (86 percent and 71 percent of released funding, respectively) as of May 31, 2005.

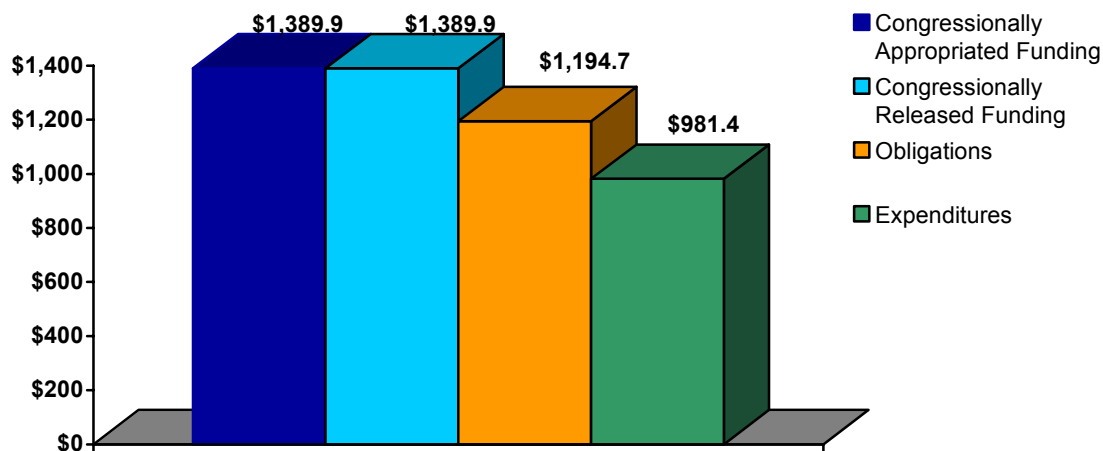


Fig. 1: ACE and ITDS Funding Status as of May 31, 2005

#### 4. Near-Term Milestones

The following are key near-term milestones scheduled between July 1, 2005, and September 30, 2005.

- **July 2005:** The first deployment of electronic truck manifest capabilities at the Southern Border will begin at Douglas, Arizona, and surrounding ports (including Naco, Lukeville, Sasabe, and Nogales, Arizona).
- **July – September 2005:** Electronic truck manifest capabilities will be expanded to ports near select hub cities.
- **July 2005:** CBPMO will complete revisions to the ACE Program Plan, including detailed cost and schedule estimates that reflect the revised approach to completing ACE sooner at reduced cost.
- **July 2005:** DHS IRB will review the FY06 Modernization Expenditure Plan, ACE Program Plan, Acquisition Program Baseline, and Acquisition Plan.
- **July 2005:** A new support center will be opened to provide ACE users with comprehensive assistance, ranging from accessing the ACE Secure Data Portal to running management reports.
- **August 2005:** Validation of the envisioned Account Revenue and Secure Trade Data (Release 5) business process design will be completed. The business process design will be the foundation for building Account Revenue and Secure Trade Data (Release 5) to provide the right business capabilities and satisfy CBP and PGA requirements.

- **August 2005:** The Preliminary Design Review for Account Revenue and Secure Trade Data (Release 5) will be conducted.
- **September 2005.** An ACE Ambassador Certification is being planned for late summer 2005 to certify up to twenty new ACE Ambassadors. These Ambassadors will join the current Ambassadors in preparing the workforce for the full implementation of e-Manifest: Trucks, as well as the initial S&T release. This will bring the total number of Ambassadors to approximately 130.

## 5. Conclusion

The deployment of ACE e-Manifest: Trucks capabilities, now operational at 11 ports, sends a clear signal that ACE is an operational cargo processing system. By simplifying systems procedures and reducing paperwork, ACE is providing additional tools to help CBP officers remain focused on the CBP primary antiterrorism mission, while facilitating legitimate trade. The future pilot and subsequent deployment of the new Screening Foundation will further enhance cargo screening, improving the security of the American people and our economy. As deployment expands and the amount of operational capabilities grows, ACE is securing the supply chain, streamlining data collection, and reducing time and cost for the Government and private sector.

CBP is increasing its outreach efforts to ensure that trade community participation in ACE is commensurate with the growth in deployed ACE capabilities. Efforts are underway to significantly expand the amount of duties and fees collected through Periodic Monthly Statement and the submission of electronic manifest data as mandated by the Trade Act of 2002.

As stewards of the taxpayers' dollars, and mindful of the CBP priority mission to prevent terrorists and terrorist weapons from entering the United States, CBP is diligently working to develop ACE sooner at reduced cost. The ACE Program Plan is nearing completion and will chart the course for the development of the next set of ACE releases, including the development of key cargo security capabilities sooner than previously planned. To assist accelerated development efforts, CBP personnel with field and cargo processing system expertise are increasing their involvement in the ACE Program. This increased involvement should facilitate the ongoing search for ways to accelerate ACE development, reduce cost, and ensure that the system meets stakeholder needs, including CBP officers in the field, the trade community, and PGAs. It will also facilitate the eventual transition of ACE as the primary successor to existing cargo processing systems.

**For More Information:**

Additional information on ACE may be found on the CBP Web site ([www.cbp.gov](http://www.cbp.gov)) under the *Modernization and ACE* link.

The first five reports to Congress on ACE may be found on the CBP Web site at [http://www.cbp.gov/xp/cgov/toolbox/about/modernization/newsletters/quarterly\\_reports/](http://www.cbp.gov/xp/cgov/toolbox/about/modernization/newsletters/quarterly_reports/).

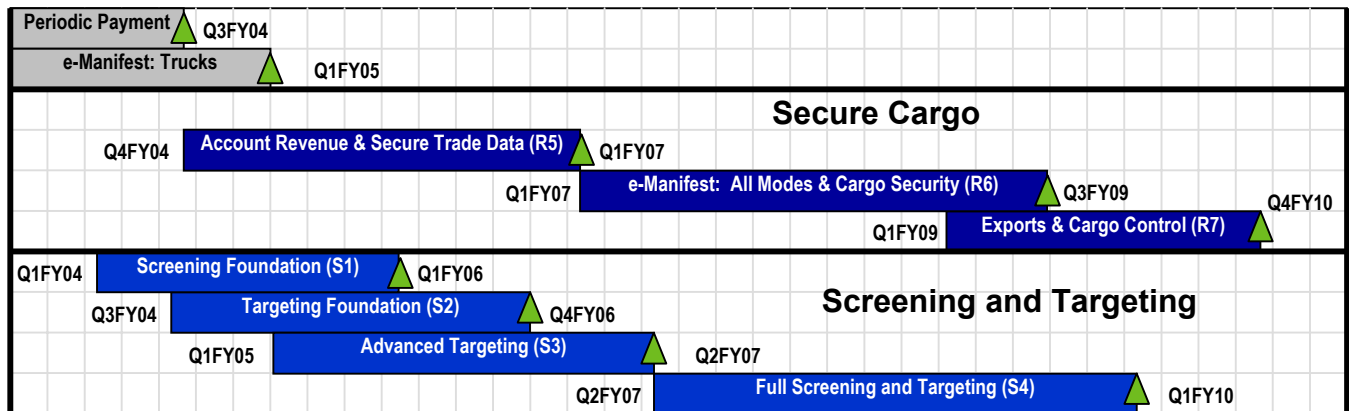
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## Appendix A. Current Schedule



## **Appendix B. ACE Implementation and Capabilities**

ACE will deliver increased border security and enable improved trade compliance. It will also increase efficiency and improve customer service for key stakeholders, which include importers, brokers, carriers, and other Government agencies.

In June 2003, ACE Account Creation was launched, with 41 initial importer accounts given access to the ACE Secure Data Portal. Account Creation provides initial on-line account capabilities to CBP and the trade community.

Periodic Payment was launched in June 2004, and an Operational Readiness Review was successfully conducted in August 2004. It allows importers and brokers with ACE accounts to centralize payment processing and to utilize periodic monthly statement and payment capabilities through Automated Clearinghouse Credit and Debit. This release also provides an initial customer account-based subsidiary ledger interface with the CBP general ledger for financial transaction processing, and will provide an expanded account view into account activity logs and exam findings.

Periodic Payment expanded the account management framework to a larger trade audience, including brokers, carriers, and CBP representatives overseeing those areas. The Account Profiles for importers, brokers, and carriers will support some information relevant to the C-TPAT. A Significant Activities Log provides a record of communications between the account and CBP (and ultimately with PGAs).

The deployment of e-Manifest: Trucks capabilities, which were piloted in Blaine, Washington, in December 2004, introduced automated truck manifest, expedited information processing, and a primary inspector interface (consolidating seven separate cargo release systems) to a “cluster” of ports in western Washington, starting with Sumas, Lynden, Point Roberts, and Oroville, Washington. The following is an outline of the features in future ACE releases.

## **ACE Secure Cargo Management Capabilities**

### **Account Revenue & Secure Trade Data (Release 5)**

- Enhanced Accounts
- All Trade Account Profiles
- Master Data
- Reference Data
- Cross Account Access
- Entry Summary
- Quota
- Reconciliation
- Bond Sufficiency
- Finance Processing
- Accounts Receivable
- Statements
- Collections
- Post Summary (Corrections)

### **E-Manifest: All Modes & Cargo Security (Release 6)**

- Multi-Modal Manifest
- Entry Processing Through Release
- Cargo Tracking
- In-bond
- ACE Replaces Automated Manifest System (AMS) and Most of the Automated Commercial System (ACS)

### **Exports & Cargo Control (Release 7)**

- Foreign Trade Zone and Warehousing
- Export
- Drawback
- Importer Activity Summary Statement
- Protest
- ACE Subsumes Full Functionality of AMS and ACS

## **ACE S&T Capabilities**

### **Screening Foundation (S1)**

- State-of-the-art Business Rules Engine for Cargo Criteria
- Pre-release and Release Functionality
- Every Data Element Accessible for Creating Criteria/Rule
- Single Repository for All Exam Findings

### **Targeting Foundation (S2)**

- Extends Functionality to Entry Summary Screening
- Border Targeting and Analysis Portal
- NTC Terrorism Tracking System
- Integration of Disparate Data Sources

Advanced Targeting (S3)

- Expands Targeting & Analysis functionality
- Provides Access to Advance Trade Data for Risk Assessment
- Data Mining, Link Analysis, Pattern Recognition, Risk Modeling
- Inter-Agency Targeting Capabilities (PGA)

Full Screening and Targeting (S4)

- Completion of the Risk Management Life Cycle
- Provides Full Functionality for All Modes of Transportation and All Transactions
- Fulfills S&T Functionality Needs for All PGAs
- Advanced Data Exploration Techniques for Artificial Intelligence

## Appendix C. Acronyms and Selected Definitions

<b>ACE</b>	Automated Commercial Environment. The first major project of U.S. Customs and Border Protection Modernization. Through enhanced business processes and the new technology in ACE that will support them, border security and trade facilitation will be greatly enhanced.
<b>ACH</b>	Automated Clearinghouse
<b>APB</b>	Acquisition Program Baseline
<b>BRASS</b>	Border Release Advanced Selectivity System
<b>CBP</b>	U.S. Customs and Border Protection
<b>CBPMO</b>	U.S. Customs and Border Protection Modernization Office. The program office for the Automated Commercial Environment project and other CBP Modernization efforts.
<b>DHS</b>	Department of Homeland Security
<b>EA</b>	Enterprise Architecture
<b>eCP</b>	e-Customs Partnership
<b>FAST</b>	Free and Secure Trade
<b>FMCSA</b>	Federal Motor Carrier Safety Administration
<b>FY</b>	Fiscal Year
<b>GAO</b>	Government Accountability Office
<b>HC</b>	Human Capital
<b>HCM</b>	Human Capital Management
<b>IIF</b>	Intelligent Information Factory
<b>IGCE</b>	Independent Government Cost Estimate
<b>IRB</b>	Investment Review Board
<b>ITDS</b>	International Trade Data System
<b>IV&amp;V</b>	Independent Verification and Validation
<b>LCCE</b>	Life-Cycle Cost Estimate
<b>LCCM</b>	Life-Cycle Cost Model
<b>OIT</b>	Office of Information and Technology
<b>ORR</b>	Operational Readiness Review
<b>PGA</b>	Participating Government Agency

<b>PRR</b>	Production Readiness Review
<b>S&amp;T</b>	Screening and Targeting
<b>TRM</b>	Technical Reference Model